GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3352
ANSWERED ON:04.08.2017
GST on Textiles and Other Industries
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Will the Minister of FINANCE be pleased to state:

(a) whether the textile industry merchants/organised traders/unorganized sellers/workers have expressed serious concerns on imposition on Goods and Services Tax on textiles and if so, the details thereof;

(b) whether the Government has received many representations from the textile merchants/traders/associated with textile industry for exemption of GST on textiles/handlooms/man made fibre;

(c) if so, any discussions or consultations are being held by the Government with textile representatives and the action taken/being taken by the Government thereon;

(d) whether the Government is taking any measures to protect the interests of the Indian fabric manufacturers from Chinese competition by reducing GST rates;

(e) if so, the details thereof and action taken by the Government in this regard; and

(f) whether the other various industries such as pharmaceuticals, automobiles, hotel industries, consumer goods manufacturers and badly affected by GST and if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a), (b), (c), (d) and (e):The GST rate structure for the textile sector was discussed in detail in the GST Council meeting held on 3rd June, 2017, wherein the Council recommended the detailed rate structure for the textile sector. Accordingly, the GST rates for the textile sector have been notified as under:

S. No.	Type of fibre / filament	GST rate Fibre	Yarn	Fabrics*	Garments and made ups**
1.	Silk	Nil	5%	5%	5% / 12%
2.	Wool	Nil	5%	5%	5% / 12%
3.	Cotton	5%	5%	5%	5% / 12%
4.	Other vegetable fibres	Nil / 5%	5%	5%	5% / 12%
5.	Manmade fibres / filaments	18%	18%	5%	5% / 12%

* - 5% GST rate with no refund of unutilized input tax credit.
** - (i) 5% GST rate for garments / made ups of sale value not exceeding Rs.1000 per piece.
(ii) 12% GST rate for garments / made ups of sale value exceeding Rs.1000 per piece.
Thus, the GST rate structure for the textiles sector enables ease of classification and determination of rate.
Representations have been received from Trade and Industry regarding GST rate structure for the sector. The main demand of the textile traders is not to put any tax on fabrics. However, the same cannot be accepted because of the following reasons:
(a) Nil GST on fabrics will break the input tax credit chain and then the garments / made ups manufacturers will not be able to get the credit of tax on previous stages.
(b) Nil GST on fabrics will result in zero rating of imported fabrics, while domestic fabrics will continue to bear the burden of input taxes.
(c) Generally, the GST rates are equal or lower than the pre-GST tax incidence. And therefore, the price of fabrics is not likely to go up.

(f): The GST rates on supply of goods and services have been notified based on the recommendations of the GST Council. The GST rates on goods and services have been fixed taking into consideration, inter alia, the total indirect tax incidence in pre-GST regime, including cascading of taxes. The GST rates so notified are lower than the pre-GST tax incidence on many items of mass consumption such as cereals, pulses, milk, tea, vegetable edible oils, sugar, toothpaste, hair oil, soap, footwear, Childrens" picture, drawing or colouring books, etc.
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